



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

JADE T. BUTAY
DIRECTOR

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IN REPLY REFER TO:

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

ISSUANCE OF MONTH-TO-MONTH PERMIT AND ISSUANCE OF LEASE FOR FAST LANDS AND SUBMERGED LANDS (SUBJECT TO LEGISLATIVE APPROVAL) BY DIRECT NEGOTIATION, TO PARADISE CRUISE, LTD., FOR MOORING OF THE VESSEL "STAR OF HONOLULU" FLOATING PASSENGER DOCK AND UTILITY EASEMENT, SITUATED AT PIER 8, HONOLULU HARBOR, OAHU, TAX MAP KEY NO. (1) 2-1-001:001(P), GOVERNOR'S EXECUTIVE ORDER NO. 3542

LEGAL REFERENCE:

Sections 171- 6, 171-13, 171-17, 171-55, and 171-59, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:

Paradise Cruise, Ltd. (Applicant), is a domestic profit corporation, whose business registration address and mailing address is 1540 South King Street, Honolulu, Hawaii 96826-1919.

CHARACTER OF USE:

For mooring of the vessel "Star of Honolulu" floating passenger dock and utility easement.

LOCATION:

That certain portion of submerged land containing an area of 18,000 square feet and a non-exclusive 5-foot wide subsurface utility easement consisting of an area of 1,500 square feet, situated at Pier 8, Honolulu Harbor, Oahu, Tax Map Key No: (1) 2-1-001: 001(P), as shown in the attached Exhibits A and B.

AREA: See attached Exhibits A and B

AREA	DESCRIPTION	TYPE	SQ FT	RATE	TOTAL	SECURITY DEPOSIT
1	Submerged Land	Submerged next to Paved Improved	18,000	\$ 0.41	\$ 7,380.00	\$ 14,760.00
2	Subsurface electrical and sewer line easement	Paved Improved	1,500	\$ 0.62	\$ 930.00	\$ 1,860.00

\$ 8,310.00	\$ 16,620.00
TOTAL RENTAL	TOTAL SECURITY DEPOSIT

CONSIDERATION:

\$8,310.00 per month or a percentage rental of 2.50% of gross receipts, whichever is greater.

Revocable Permit monthly rent determined by appraisal as of April 1, 2020, for Revocable Permits in Honolulu Harbor, Oahu.

Rent under the new lease will be determined by the appraisal.

ZONING:

State Land Use Commission: Urban
City and County of Honolulu (LUO): Aloha Tower Project

COMMENCEMENT DATE:

To be determined by the Director of Transportation.

TRUST LAND STATUS:

Subsection 5(a) of the Hawaii Admission Act (Non-ceded lands).

CURRENT USE STATUS:

The vessel "Star of Honolulu" is moored at Pier 8 under an expired Harbor Lease No. H-98-11 to Paradise Cruise, Ltd. The lease expired on March 24, 2009. The applicant requested a new and updated revocable permit to replace the expired lease. The applicant also applied for a new ten (10) year lease.

LAND TITLE STATUS:

Governor's Executive Order No. 3542 for Harbor and Wharfage Operations to be under the control and management of the Department of Transportation, Harbors Division (DOT Harbors).

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This use is exempt from the Office of Environmental Quality Control (OEQC) requirements pursuant to Section 11-200.1, Hawaii Administrative Rules, "Exemption Class 1: Operations, repairs, or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

The DOT Harbors will submit its publication request for Exemption Notice to the OEQC for publication on the 8th of each month.

REMARKS:

The vessel "Star of Honolulu" is moored at Pier 8 under an expired Harbor Lease No. H-98-11 which was issued for the period March 25, 1999 to March 24, 2009. The lease was held over pending negotiations with various Deputies of Harbors over the years. Per negotiations, the rent collected continued as \$250,000.00 per annum or 2.50% of gross receipts, whichever is greater. The 2.50% of gross receipts under Section 19-44-36, Hawaii Administrative Rules, determine the total rent collected per annum. For example, the 2.50% of gross receipts for 2019 totaled \$668,947.28 resulting in an additional \$418,947.28 to the \$250,000.00 annual rent collected for 2019.

The applicant requested a new and updated revocable permit to replace the expired lease. However, the applicant understands the 2.50% of gross receipts condition will remain intact. This would help the business better accommodate the order by the Governor which shut down their commercial passenger cruise vessel effective March 17, 2020, due to the COVID-19 pandemic. This would also help better accommodate the Applicant when the business is allowed to gradually resume before getting back to normal.

The Applicant also applied for a new ten (10) year lease.

The DOT Harbors has no objections to this request.

Issuance of this new month-to-month permit is compliant with Chapter 171, HRS.

RECOMMENDATION:

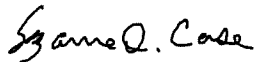
That the Board authorizes the DOT Harbors to issue the Applicant: (1) a month-to-month revocable permit and (2) a Lease by direct negotiation (Lease subject to Legislative approval), and authorize the Director to negotiate a ten (10) year Lease with the Applicant for the above-stated purpose, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member
Board of Land and Natural Resources

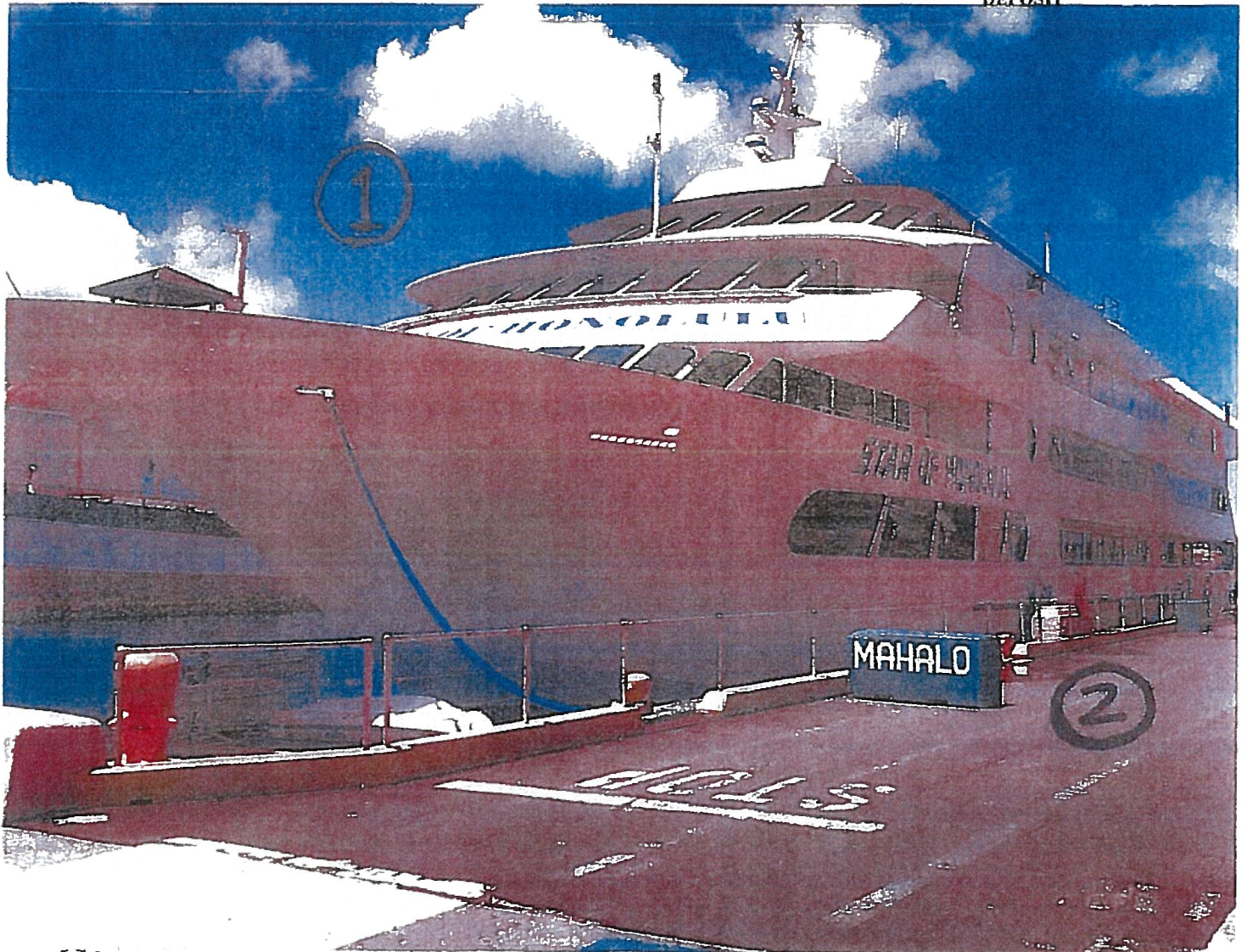
Attachments: Exhibits A and B

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TOTAL
RENTAL

TOTAL
SECURITY
DEPOSIT



01010

EXHIBIT B